



**2023 ANNUAL REPORT ON FORCED LABOUR AND
CHILD LABOUR IN SUPPLY CHAINS**



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FOR THE FINANCIAL CALENDAR YEAR ENDED DECEMBER 31, 2023

This report is made pursuant to Bill S-211, An Act to enact the Fighting Against Human Trafficking, Forced Labour, and Child Labour in Supply Chains Act. This joint report outlines ECCO's approach and initiatives to identify and address the risks forced labour and child labour in its business operations and supply chains during the financial year commencing 01-01-2023 and ending 31-12-2023.

At ECCO we are committed to upholding and respecting human rights across all facets of our operations. We recognize the inherent dignity and worth of every individual, and as such, we are dedicated to ensuring that our supply chain is free from forced labor and child labor.

We firmly believe that every person involved in our supply chain deserves to work in safe, ethical, and fair conditions. We condemn any form of forced labor, child labor, or exploitation, and we are committed to taking proactive measures to prevent and eradicate such practices from our operations.

By adhering to these principles, we aim to not only meet legal and regulatory requirements but also to contribute positively to the well-being and empowerment of individuals throughout our supply chain. Our commitment to respecting human rights and eliminating forced labor and child labor reflects our core values and reinforces our dedication to responsible business practices.

Corporate Structure

For the purposes of reporting on Bill S-211, this report will represent a "joint report" for all entities activities, specifically for:

1. ECCO Holdings Ltd.
2. ECCO Heating Products Ltd.
3. ECCO Supply Corporation – US Subsidiary
4. ECCO Properties Ltd.
5. ECCO Heating Products Canada Ltd.
6. SH & A Investments Ltd.

These entities are variously engaged in the activities of a holding company, manufacturer and wholesale distributor of HVAC (Heating, Ventilation, and Air Conditioning) products and equipment, warehousing, commercial leasing, and investments. Activities conducted by these companies include selling goods in Canada or controlling an entity engaged in producing, selling or distributing goods in Canada and the United States, or importing into Canada goods produced outside of Canada

Supply Chain

ECCO uses a combination of brokers and mills to engage with the supplier mills directly to acquire our raw materials. ECCO purchases these raw materials through an intermediary, which sources these materials domestically and internationally, and their utilization is dependent on factors such

as our manufacturing requirements, cost, quality, availability and government regulations. Countries from which these materials are sourced include: Canada, USA, Taiwan, Korea, Vietnam, New Zealand, Pakistan and among others.

ECCO also distributes and sells various HVAC/R equipment such as Heat Pumps, Air Conditioning Units, Furnaces, and Fireplaces. These products may be purchased from domestic suppliers or imported from international suppliers in a number of different countries including United States, Mexico, Europe and Asia.

ECCO is not aware of any Forced Labour or Child Labour in our current supply chain. However, we are currently set to commence assessments of our internal and external risks of Forced Labour and/or Child Labour.

Policies and Due Diligence Processes

We did not have any policies in place regarding Forced Labour or Child Labour in the reporting year. As part of our commitment to ensuring there is no risk of Forced Labour or Child Labour in our supply chain, we are now actively developing items such as company policies to put in place to comply with government regulations, support activities to mitigate/eliminate this risk.

Remediation Measures

We are not currently aware of any vendor within our supply chains currently carrying a risk of Forced Labour or Child Labour, and as such, no action has been taken to remediate this risk. That said, ECCO is committed to taking remediation action going forward if our supply chain assessment identifies any activities that violate our pledge to reduce and help eliminate the issues of forced labour and child labour.

Remediation Measures Loss of Income

We have not identified and are not currently aware of any vendor within our supply chains currently contributing to loss of income for vulnerable families due to the risk of Forced Labour and Child Labour. As such, no measures have been taken at this time.

Training

We do not have any training developed or available to our employees at this time. ECCO is planning to create or adopt materials aimed at educating employees on the adverse impacts of Forced Labour and Child Labour and how ECCO will be taking steps to mitigate Forced Labour and Child Labour as an organization.

Assessing Effectiveness

No actions have been taken in 2023 to assess the effectiveness in preventing and reducing the risk of Forced Labour and Child Labour in our supply chain. We will be evaluating tools such as the addition of Key Performance Indicators to measure whether our policies and proposed processes will be effective going forward.

Attestation

This attestation covers the entities identified at the beginning of this report.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Dated this 31st day of May 2024

Stanley H. Alldritt
President and Chief Executive Officer

I have the authority to bind 'ECCO Holdings Ltd and its subsidiaries.